

HOUSE BILL NO. 858

INTRODUCED BY L. BREWSTER

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE COAL SEVERANCE TAX COAL WASHING CREDIT; EXTENDING THE TERMINATION DATE OF THE CREDIT; PROVIDING THAT THE CONTRACT SALES PRICE EXCLUDES COAL WASHING COSTS BASED ON THE PRICE OF COAL; AMENDING SECTION 15-35-102, MCA; AMENDING SECTION 7, CHAPTER 433, LAWS OF 2009, AND SECTION 352, CHAPTER 1, LAWS OF 2015; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-35-102, MCA, is amended to read:

"15-35-102. (Temporary) Definitions. As used in this chapter, the following definitions apply:

(1) "Agreement" means a signed contract that is valid under Montana law between a coal mine operator and a purchaser or broker for the sale of coal that is produced in Montana.

(2) "Auger mining" means the method of recovering coal by boring with an auger into a coal bed prepared by strip-mining excavations or in naturally sloping terrain. Auger mining is used when the ratio of overburden to coal does not allow the economical recovery of coal.

(3) "Broker" means any person who resells Montana coal.

(4) "Coal washing" means any treatment to remove impurities from underground mined coal. Coal washing may include but is not limited to operations such as flotation, air, water, or heavy media separation, drying, and related handling.

(5) (a) "Contract sales price" means either the price of coal extracted and prepared for shipment f.o.b. mine, excluding that amount charged by the seller to pay taxes paid on production, or a price imputed by the department under 15-35-107. Contract sales price includes all royalties paid on production, no matter how the royalties are calculated. However, with respect to royalties paid to the government of the United States, the state of Montana, or a federally recognized Indian tribe, the contract sales price includes 15 cents per ton.

(b) Contract sales price does not include the costs specific to the act of coal washing if the average

contract sales price excluding the costs specific to the act of coal washing reported and received by the coal mine operator during the calendar quarter is less than \$30 a ton.

(6) "Energy conversion process" includes any process by which coal in the solid state is transformed into slurry, gas, electrical energy, or any other form of energy.

(7) "Prepared for shipment" includes but is not limited to services such as in-mine movement, crushing, sizing, screening, storing, mixing, loading, treatment with substances including chemicals or oils, and other preparation of the coal for disposition.

(8) "Produced" means severed from the earth.

(9) "Purchaser" means a person who purchases or contracts to purchase Montana coal directly from a coal mine operator or indirectly from a broker and who utilizes that coal in any industrial, commercial, or energy conversion process. A coal broker or any other third party intermediary is not a purchaser under the provisions of this chapter.

(10) "Strip mining" is defined in 82-4-203 and includes "surface mining".

(11) "Taxes paid on production" includes any tax paid to the federal, state, or local governments upon the quantity of coal produced as a function of either the volume or the value of production and does not include any tax upon the value of mining equipment, machinery, or buildings and lands, any tax upon a person's net income derived in whole or in part from the sale of coal, or any license fee.

(12) "Ton" means 2,000 pounds.

(13) "Underground mining" means a coal mining method utilizing shafts and tunnels and as further defined in 82-4-203. (Terminates July 1, 2025--sec. 1, Ch. 352, L. 2015.)

15-35-102. (Effective July 2, 2025) Definitions. As used in this chapter, the following definitions apply:

(1) "Agreement" means a signed contract that is valid under Montana law between a coal mine operator and a purchaser or broker for the sale of coal that is produced in Montana.

(2) "Auger mining" means the method of recovering coal by boring with an auger into a coal bed prepared by strip-mining excavations or in naturally sloping terrain. Auger mining is used when the ratio of overburden to coal does not allow the economical recovery of coal.

(3) "Broker" means any person who resells Montana coal.

(4) "Contract sales price" means either the price of coal extracted and prepared for shipment f.o.b. mine, excluding that amount charged by the seller to pay taxes paid on production, or a price imputed by the department under 15-35-107. Contract sales price includes all royalties paid on production, no matter how the royalties are calculated. However, with respect to royalties paid to the government of the United States, the state of Montana, or a federally recognized Indian tribe, the contract sales price includes 15 cents per ton.

(5) "Energy conversion process" includes any process by which coal in the solid state is transformed into slurry, gas, electrical energy, or any other form of energy.

(6) "Prepared for shipment" includes but is not limited to services such as in-mine movement, crushing, sizing, screening, storing, mixing, loading, treatment with substances including chemicals or oils, and other preparation of the coal for disposition.

(7) "Produced" means severed from the earth.

(8) "Purchaser" means a person who purchases or contracts to purchase Montana coal directly from a coal mine operator or indirectly from a broker and who utilizes that coal in any industrial, commercial, or energy conversion process. A coal broker or any other third party intermediary is not a purchaser under the provisions of this chapter.

(9) "Strip mining" is defined in 82-4-203 and includes "surface mining".

(10) "Taxes paid on production" includes any tax paid to the federal, state, or local governments upon the quantity of coal produced as a function of either the volume or the value of production and does not include any tax upon the value of mining equipment, machinery, or buildings and lands, any tax upon a person's net income derived in whole or in part from the sale of coal, or any license fee.

(11) "Ton" means 2,000 pounds.

(12) "Underground mining" means a coal mining method utilizing shafts and tunnels and as further defined in 82-4-203."

Section 2. Section 7, Chapter 433, Laws of 2009, is amended to read:

"Section 7. Termination. The amendment in [section 3(5)] defining "coal washing" and the amendment in [section 3(6)] revising the definition of "contract sales price" terminate July 1, ~~2017~~ 2027."

Amendment - 1st Reading-white - Requested by: Brian Close - (H) Taxation

- 2025

69th Legislature 2025

Drafter: Megan Moore,

HB0858.001.002

1 **Section 3.** Section 352, Chapter 1, Laws of 2015, is amended to read:

2 **"Section 1. Termination.** Section 7, Chapter 433, Laws of 2009, is amended to read:

3 **"Section 7. Termination.** The amendment in [section 3(5)] defining "coal washing" and the amendment
4 in [section 3(6)] revising the definition of "contract sales price" terminate July 1, ~~2017-2025~~ 2027.""

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6 NEW SECTION. **Section 4. Notification to tribal governments.** The secretary of state shall send a
7 copy of [this act] to each federally recognized tribal government in Montana.

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9 NEW SECTION. **Section 5. Effective date.** [This act] is effective on passage and approval.

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